 Taiwan seeks new
talks with BAe on Brussels targets Akzo in antitrust investigation aircraft deal
Taiwan Aerospace Corporation is seeking a fresh start to talks with Britisb Aerospace on their
troubled and drawn out elfors spee upp joint
venture to manulacture regional jets. Page 14 Strikers hat Paris filghts: Striking Air Franc
workers brought chaos to the
 of the afternon. Cancellation werere likely yrod
for some lights, said Air France. Page 14
 Gen Rauul Cedras
tefft, Haiti's army
ommander, smoked commander, smoked
and swapped jokes
as he ignored demands as he ignored demands
to respect the United
Nationstrbokered plan
 refurr, despite tbe
reimposition of an reimposition of an
Intenaronanal emargo.
Six US and tbree Cana. embargo. and a French frigate was sailing to ICl hem Britain is also to send a frigate. Page 6 advanced computer system, bosedp on technnology
developed in Europe and paid for by the European Cosmunaty's main information technology
researcl programme, is launched today by
traty tightens control on secret service
under a simgle authority, controlled dirececty by the prime minister, anter mounting evidence that比 ments of the countr's sintelligence community tially responsible for terrorist acts. Page 2 Israell political prisoner fireed: Irrael treed
its longest-held Palestinian political prisoner. besinning the process of releasing up to 12.000
Palestinians from fraeli Vauxhall enters crodit card markot has become the first UK car manufacturer to enter the credit carr market, launcching a UK
verslon of the GM card available in the $U S$, versson of the GM card availabe in the US. The
aerd
cill offer custoners a discount of up to $£ 2,500$ ( $\$ 3,770$ ) on a new Vauxhall vebicle. Page 8 Japan protests over nuclear dump: Tokyo
protested to Moscow over. Russiax dumpying of.
nuclear waste in whicb bas caused wide anger in Japan, but Russig
 , relgn as undisputed master of Lohnro ended when the international gropp's board agreed to the nated hy bieter rock the group's joint chief execu
tive - for the first time in 20 years. Page 15 Gatt settement at risk: Refusal by the uS to open talks with the European Commumity
on "clarifying" the Blair House farm trade agree ment will make it thard to conclude the Uruguay
Round world trade reform talks by their December ${ }_{15}{ }^{\text {Round }}$ deadine, Mr René Steichen EC agriculture conmissioner. warned. Page 7; Pooltry producers
join revisionist, join revisionists, Page 2
Majors doubts on Ulster peace: The UK
prime minister, John Major, discountee the possibil ity that the peace initative between two Northera

UK Tha Derember lone gilt future reached
UK giltss The December long gill future reached
a new contract higho 114.26 atter the Rank of England announced there would be no gilt auction in November and dealers speculuted that October's
autcoion might be the last his year. Page 15; Lex.
Page 14 Citicorp, the US's largest banking group. saw
an 18 per cent rise in third-quarter after-tax earn an 18 cor pared with the previous three months,
ings
and and reported a bette
credit tosts Page 15
Kasparov keeps chess title: Garry Kasparov
retained his world champion title in the London cbess championship after rimawing against Nigel
Sbort in the Stoort in the 19th game. He hase an unbeatable
12.7 score in the 24 tgame series, but needs firther UR stock mation Mole


| By Andraw Hin in Brussels and Ronald van de Krol in Amsterdam | ing dominance of the salt marset following the group's takeover o . Dansk Salt of Denmarx earlier |
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| cals group, has hindered an | wit |
| ciation into what could be | Ecul.000 (sI),10] because |
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| atter Akzo allowed the Com sion to enter Its offices. | tbese studies because we have nothing to bide but wben they | Raids are carried out without |  |
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| Akzo claims that when | have the wrong docum |  |  |
|  | wrill not allow them in ${ }^{\text {" }}$ |  | ty |
|  | However, Brussels |  |  |
| owed |  | Neither Akzo nor the Commis. |  |
|  |  |  | Most of the 15 m tonnes of salt |
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| They badm 'tone their bome | cumstances" tolerati at |  | or use in industrial |
| terd | as -damn | the |  |

## Flynn sets 5\% jobless target for Community

Brussels package urges restraint on wages and cut in work hours




## Major hints at tax increases



MR JOHN MAJOR, the UK prime minister, yesterday she uS prriged off
concera that the econoumic recorery in Pritione may be fantering
and reinforced expectations at
Westminster of higber taxes in

 Bundesbank warns of threat from growth in derivatives THE BUNDESBANK today warns
that the growth of derivatives markers could endanger the sta
bility of the world inancial sys tem. it monthly report, the Ger
man central bank argues that the
men increase in the use of options
hatrese and other compled deriv
ative instruments bas led to an ative instruments bas led to an
interlinking of the worlds inan
cial markets that makes then

 Bowd However, recent reports
including, ove hy tbe Bank of
England, have adopted a more Derivatives are financial
instruments
wbose value is based
 price The Bundeshank calculates
such transactions for Cerman
banks alone totalled DM6.1165n
 German banking sector. The notional amount of futures reacted sive every year hathn while th
rotional outstanding amount
 in today's report the Bunde Continued on Page 14
Corrigan Ior Goldman, Page 15
Surves, Section II


Philip Morris profits cut by $\mathbf{2 5 \%}$ in cigarette price war By Richard Tomkin
in Now York




## Bonn urged to reform jobs market

| David Waller in Frankurt |  |
| :---: | :---: |
|  | German executives, are rarely |
| many's second higgest | of |
| h has calied for a remo | cial and ind |
| he obstacles hurdening the | ment They hint at pressures |
| an labour $m$ | for Germany's "socilal-market" |
| Mr Kla | ec |
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| was speaking in Frankfiurt | Mr Friedr |
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| ties that it functioned |  |
|  | Bank last year, praised the measures contained in econom- |
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| ers | Rexrodt's recentiy puh |
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| king - as "macroecono |  |
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| return for low wage increases. | the question is, does it have |
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| an better deploy. | res |
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| views, while undou | year in Cermany |

SPD support needed for coal compromise



## EC will boost aid to east Germany , man

## If only everything in life was as reliable as the FT Germany Survey.



## Germans ensure even

 the bad times are good By Crvietophor Parkesin Frankturt THR state mas be ging broike,
industry may be fat on its
back but the west THR state may be going broke,
industry may be cian on its
back but the west German ciut
zen is still doing very nicly zan is still doing verman nicelly.
thank you (see chatrs aboe).
The

 debt troubles, according to a household wealth in Cor-many,
puhbished todas in its October
monthly report

## NEWS IN BRIFF Rome tightens up on

 intelligence services *.Judge overrules decision to shelve inquiry into PDS finances.

## Probe of Italian party to go ahead

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Queen jeered as Cypriots recall two bitter episodes

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under-the counter finapraing



Five leading European airrines
yetaterday pressed the Euror
pean Commission to bain pean Commission to ban.
proumd handing monopiejeat.
airports throughout the EC. airports throughout the EC,
writes Paul Betts, Aerospace.
Correspondent. Senior direc. ors of Britisb Aeniror direc. Aif France, Lufthansa of Germantr. huw royal
Scandinanian Airlines Sysestem.
told Mr karel van Miert, the EC compeetion commissioner..
and other offciais in Buspels
that groundhanding charges at monopoly airports were
almont a third bigher thian
tbose at airports where airlines are free to provide therin own
servecs or coose other suppli
 Two gumnen killed a Spanish air force general and serifousty
wounded his chauffeur as they drove through a central Madrio
 Danish unions alter course Tradition and values in the Danish trade union movement are
nderging radical change, accorriing to a membershíp stady
 good working environment (t7 per centit than to high wases (33 per centi). Strikes and labour conlict are supported by only s per
cent of the 3,39 members in the
believed labour problembs should be resolvey. The vast majority

Gone are the days when the German economy could make the same clalms as its motor Industry. Unificatlon, cutbacks, looming elections and racial tension now point to a rather unpredictable future.

The Financial Times Survey on Germany will be publlshed next Monday. It will look at poiltical and social upheaval, and how thls changing country plans to retaln Its position as Europe's economic leader.

FT Germany Suryey.
FT. Because business is never black and white.

Sarajevo flame dies under Serb ＂rain of death



## for Privetisation Slovak Republic．

For regestrations please comencct
 SOFRES
FRANCE


New premier faces economic difficulties but seeks opposition co-operation in efforts to form stable government

# Bhutto promises to continue reforms 

By Fartran Bokhari MS BENAZIR Bhutto was worn in as Pakistan's 16 thy
prime minister yesterday, Imost three years after her
her Ms Buutto, 40, polled 121 la's party (PPP) and its allies, gainst 72 for Mr Nawaz
Shrit leader of the Paikistan
Hoslem League (PML), in a parliamentary vote. abtained duringt moting in in the
tit 117.seat National Assemhly.
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Hrenththened hy the ㅌist simans
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INTEREST PAYABLE HALF-YEARLY ON 10 FEBRUARY AND 10 AUGUST FOR AUCTION ON A BID PRICE BASIS ON 27 OCTOBER 1993


## Israel starts to free Palestinians

| Jutian Ozanne in Jerusalem | said Israell negotiators have |
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|  | ,500-6,000 |
|  | Hundreds of prisoners bei |
| yesterday, beginning the | beleased |
| cess of releasing thousa | Israeli officials hav |
| Istaelif jails. | PLO demands to release activ: |
| The rem | talist Hamas movement: |
| ${ }^{\text {Pa }}$ Pred hy Palestinian peace ne | including Sheikh Ahmed Yas: |
| tiators to be the single most | The PLO, |
| important confidenceebullding measure hetween the | guick results, wants Hamas |
| sides, who resurie talks in the | prisoners fred and the remain-: |
| Egyptian Red | to undercut Hamas |
| Inrael's premter, has said the | to the peace agreement. |
| numbers, timing and condi. | Mrar Savir, director-gen- |
| tions for releasing prisone | try, indicated foreign Mmis- |
| must be negotiated properly in | this week's ted yesterday that |
| Itraei | see more significant releases in |
| release of Mr Salim | the context of mutual security |
| commander in the Fatah lac. | will alsos. The Taba talks |
| tion of the Palestline Libberation | detailed net down to more |
| Organisation held by lisra | Bize of tegoiation about the |
| 23 years, as intended | phich Israeli troops will begin |
| ing violence under the frame. | withdrawing by December 13. |
| peace accorrl | area of Palestinians want an |
| His release comes on | danian district, the old Jor- |
|  | while [srael is ottering oenty ${ }^{2}$ |
| Iddle East peace talks, | sq |
| who is touring the region |  |
| ahead of a visit early noxt | to the Dead Sease and a amoreser. |
|  | er |
| Palestlnlan officials have | sion of strategic roads, water |



##  <br> ISSUE OF $£ 3,500,000,000$ <br> 6\% TREASURY STOCK 1999 <br> Wex <br> 3ry

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## Keating pulls off Aborigine land rights deal

Compromise package satisfies most farmers, mining interests and Aborigines, writes Nikki Tait

|  | For the past 16 months, it has meen touch-and-go whether, the gov- |  |  | tained that all states would need to work |
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## Russia spurns

 Japan's plea :over dumping
## Money <br> supply grows faster

 By Wiliam DowkinsJPANANESE money supply
Increased its growth rate

### 1.1151

Increased its grow sh rate
slightly last month adiag
weiegt to tanking industry weight to banking industry
calmans that there is no credit
shortage
The broaidy defined aggregate of $M 2$ (cash in circulation
and time and demand deposits)
plus certificates of deposit rose plus certificates of deposit rose
per cent in September
igainst the same month last year, having stien mon 1.7 per ceant
H August, the Bank or Japan said yesterday. It attributed
 Hane captal mankets, rather
This con coincided dedimg now conmented with
antion of Bankers' Association
and ation of Rankers' Associations
of Japan, the mand ndusty
body. that it had asked merybers to back the governmentia
reeent econounic stimulation
package by maintaining recent economic stimulation
package hat mint maintaining
ismooth lending'. "smototh lending".
Outstanding loans by the 11
top commercilial hankss fell 0.5


 chairman, said banks would
coantimur to try to help busi-
ness through the recession.
n Rice offer splits Japan's people and politics
Tokyo politicians are beginning to face up to the inevitable, reports Emiko Terazono


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ace up to the inevitable, reports Eniko Terazono

Concession ends Australian budget impasse

## proposasals can panenne-raising both honses, Previously, the

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risk protection, and safeguards their standard of
living. The right approach, if you ask our customers

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# Blair House <br> <br> Fine-tuning in the overseas risk business 

 <br> <br> Fine-tuning in the overseas risk business} -impasse 'puts Gatt at risk'

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| Mr Kantor also refused |  |

On September 20 .
Mr Kantor also refused to

## French reassured

A GATT accord would help S.or protect its patents and, in -1 $\begin{aligned} & \text { push its } \\ & \text { exports, Mr Peter Suther food } \\ & \text { procen }\end{aligned}$ aracio body, seid yesterday,
tradtes Don writes David Buchanis im Paris.
ius powerfal speech to
business busthess Conference in Paris,
be underlined France's seff to the Uruguay Roumd negotla-
tions. Mr Sutherl wanned that a failure of Gatt talks would not halt adjust,
ments in the world economy, but simply ensure that "the The Gatt chief praised Prime Minister Edoaard Balladur for
laumching his country into national debate on the intoric
trade talles trade talks' outcome. Frarce
and other EEropean countries hes saider faced a a choice between
hthriving "thriving in an open lyoual economy with eiffective and
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Mr Suther
widesprend widespread notion in Fred that
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 "Given the beated debate about Given the beated debate about
Nafte there is 2 change in the nature
af he tebate that was no the of the debate that was not there in the
past." sayy
professor of Robert
Luwrence, a
University Thus Car, however. Ms Harkin has
eanned cartious support trom feactious
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One of the agency's newest iner
 clean polution companies to help
binch Ms Harkin -2 project
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the agency, which she describes as ${ }^{\text {a }}$ a cawiline terms of its efficiency and the
It is of its employess. It is e job quite different from that
confrontug the head the trubled
Agency for Internationel Dovelo
 recived
priation sinece then it has done some-
thing almost unheard of in tbe halls "Many people
very fortumate
believe them."

## BAe-Taiwan joint venture aircraft would rival Boeing

By Daniol Creen and
Dennis Engbarth in
Tapel THE RJ-X aircraft for whicb
Taiwan is insisting on a Brit. ish Aerossacec $\begin{aligned} & \text { develolomenent. } \\ & \text { pledge would be a direct com- }\end{aligned}$ plodge would be a direct com-
petitor to the boeing 737 , the world's biggest-selling aincraft BAe has aiready spent about.
clom researching the R.J.X.
Last month it presented docet. Last month it presented docu-
ments to Taiwan Aerospace
Corporation (TAC) showng corporation (TAC) showing
that the aircrat would be a
complete redesig of the exist ing model, the RJ.
its fuselage would be brilt of an aluminium-1ithium alloy, a with minitiary armaly astran of fike the Rirs conifiguration wings above the passenger
cabine the Rex- would have a
more conventional layout of
two engines a wing below
the figes on two engies on a wing buto of
the fuseage. There would be
two versions of the aircrat

 witb 96 seats and the other
with 125.5 Its range would be
extended to more the nautical milem".tere than 1.50
This would bring the aircraft Without the RIX Without the RJ-X, the joint venture would not be a success. It's not a
question of yes or question of yes or would be built' would be built' into one of the most compets



## Belelli to

 build oil platform bor Shell and BP for deepwater prodnction in the DS
waters of the Galf of Mexico, writers of the Glif of Mexico,
writes. Robert Graham in
Rome. The 20,000 -ton platform,
esigned to sit in 910 metres of designed to sit in 910 metres of
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## Credit agencies'

 future brightens

Dear Gottrried Wilhelm Leibniz, with gratitude to the inventor

- of the binary number system, we proudly present the RM high performance computers.


1673: Leibniz invents the binary number system - calculating with zero end one.
1993: Still using the binary code Sin 1993: Still using the binary code, Siemens
Nixdorf develops the RM Systems, inNroducing its customers to a new level of UNIX performance. Fourteen new models, from the Mini Tower to the High-end UNIX, one to 16 super-fast RISC proces-
sors, each rated at 150 MHz-the RISC-based sors, each rated at 150 MHt- the RISC-based RM family adjusts step by step to every performance demend and user application. The result a unique performance range within a unified systems family, ensuring
easy expansion of the most advanced easy expansion of the most edvences Siemens Nixdorf's systems Europe's most successful UNIX multi-user systems.
The European challenge Synergy at work



FINANCIAL TIMES WEDNESDAY OCTOBER 20199
BUSINESS AND THE ENVIRONMENT

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## Run－of－the－mill debates


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Hanson sends Cotton to chair Renison

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## PEOPLE





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Baron for Owners Abroad


Mike Jones has been apointed finance ditrector at chied operathig offlears join ALEXON Gronp；
he momes tha Merchant
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nance
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Aleson
reat througt some tormoin as reat tarough some turmoil as tional share hoiders forced a
change or managmententer
some dismal Ananctan results． Then，Lawrezce Syyder
stepped down as chairmay and
Rath Henderson stepped down as charmanan and
Rnth Henderson and Peter


## Turning full circle at the power station

Europe＇s first energy plant fuelled by old tyres has opened in Britain，reports Tim Burt



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hey were handing out
the oscars to
Europes's
TQM is struggling to make an impact in Europe, says Tim Dickson leading "quality" "com-
panies
last week. But paries last week But
amid alt the razzamatazz in
Turin no one seemed to notice that this year'swining busi-
nesses - like some of last
 The 1993 amard conferred by the European Foundation for
Quality Management was won Quality Management was won
by last years runner up. the
European operations of textile European operations of textiee
products group Milliken -a US company with its headquarters
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## Improving business with the community's help



## WHERE <br> THE NEWEST CORRESPONDS TO THE LATEST.

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Navigators without a map or compass
UK companies are failing to look to the future with a sense of strategy, says Christopher Lorenz
1 . $\begin{gathered}\text { companies, } \\ \text { sizeable as well } \\ \text { as smanll, are }\end{gathered}$ rymg to navigate their way
to competituve survival in the
dark, withoun elther a map or a compass. Ammost a a third
look no farther forward than look ne forrtber forward than
oneyear hudgets, and more one year hndgets, and more
than hall have no long-term
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trom a study of the way that ver I stad UK companies of
all shapes and sizes think. all shapes and sizes think.
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thati, on top of tie 3 per cent
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division withont taking a strategic view, and therefore
think theyll survive in the International marketplac recognise the problem: "Theej
know they've been jammed know they've been jammed
into a short-term timeframe - often by their ound top management - and they know
they must get out of ity savy
Weekes For sizeable Weekes For sizeable companies he citits two
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type of company. deng on the In private companies, the main prohlem is ofted the
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alowsal to allow strategici issues to be tarashed out properly becanse
of the obvious need elther for large injections of cappttal or or
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hy theirl lack of complete
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 carried out by the parent
company surprisingly often,
Weekee says Weekes says. Atrategic ctinking and action
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between marreeting. engineering and Uanofactureng. | Fromplarned and Unprepared |
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| E10.50. Far |

RNANCIAL TIMES WEDNESDAY OCTOBER 20199
ARTS
 Recital/Richard Fairman Christa Ludwig's farewell tour


-TTheatre/Malcolm Rutherford Looking Through a Glass Onion
 tainment at the nementerien

 Thers it may probably for addictss t
non is not nearry as shaciedunch Lernon is not nearty as inspired a musi-
cian as his onetme Beates colleague
Raul McCartney. Nevertheless. be has a good story To tell As the teatles
broke ent wewn of with Yoko On
to do bis own thing in

 couple of gur shots at the beginning
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- BONN

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##   29: Anu Murrav song recital (O221-221 8400) - COPENHAGEN

Opernhaus Tonlght, Fri, Sun:




#### Abstract

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Bach (069-1340 400



| closing gala (089-4809 3614) |
| :---: |
| BAVARIAN STATE OPRRA Staatsoper Tonlght Fit, Sun: Michael Boder conducts August Everoing's procuction of butfa Ubu Rex, with hobert Tear and Doris Soffiel. Sat and next Tues: La raviata with tizana Fabbriccoini (Sat) La boherre with Millarn Gauci and Thomas Hampson (089-221319) |
| other events <br> Martin Tumovsky conducts Prague Symphony Orchestra in works by Brahins, Mozatt and Beetioven <br> Brahns, Mozartelg, with violln sololst Vadlm Repin (089-48098814). Deutscties Theatur has a New York Harlem Theatre production of Porgy and Bess, dally except Mon (089-5523 4380). A new production of Thomas Bemhard's play Am Zel, at the Kammerspiele on Sat (039-2372 1328). Repertory at Resider metheater includes new productions of Shakespeare's The Taming of the Shrew, ibsen's The Wid Duck and Chekhov's The Cherry Orchard (089-225754) |
| - OSLO |
| Konserturs Tomorrow: Jerzy Semkow conducts Osto Philharmonic Orchestra in works by Stravinsky, Mozart and Tchaikovsky, with plano soloist Christian Zacharlas (2283 3200) |
| W STOCKHOLM |



## The Birth of a New Perspective.

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duce flexibifity as the single key compo-



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## Schindler

Up the pole at the town hall
A review of UK local government could cost voters
money - and the Tories votes, says John Authers

rgest elsewhere in Europe have have pop uiations of 88,000 in Sweilen.
and 17,000 in Denmark.
As frr cost remganisation As ffr cost, reorganisation.
seems likely to increase coure: cil cax bills Emste \& Young
accountants appointed by the commission, have hound a.
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Wrile councils sersing apopur
lation of 50.000 or less neded lation of 50.000 or hess neppeded
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five admusistrathe per 1000 populatitrite
 population of more than .ma. Replacing a two-tier system
with smal unitary authorities
could thus increase total titaty costs.
There would also be tramsh:
tonal expenses: The Associs:
tion of County Councils este
imates that converting each county into three unitary
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oution the option the government has in in
mind - would cost about s27.2m per county in new town
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rity



 with the status quo lookss Iike at
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boomdaraes. Unpopular "aritif:
cial. counties, such as Avain and Humberside, might then
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ont formal consultation resist change: moreover, this
 commission liose votes. If the
by the end of next yeark the
new councils, wnith their
council tax bher bills should


## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
EC research programmes far from 'failed'


$\left\lvert\, \begin{aligned} & \text { was ranaing, even by the sci } \\ & \text { entists inot Ived. Esprit will } \\ & \text { certainly be able to demin. } \\ & \text { stran }\end{aligned}\right.$ Odd comment
on ITV cartels

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the rivo wnersid rules on the
grounds that ad adertisers do

Freight ignored in assessing Eurotunnel's prospects


TTV, the Independent TVelevi.
tive armoury of powers to level and quailty promised in che application process of 1991
it is our contention that the
resources to sustain regional commitments (and also witb
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ning programme strength must
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London WCZN $4 A Z$


Figuring out the Gatt



## MANCLAL TMIES WEDNESDAY OCTOBER 201993

## FINANCIAL TIMES

Number One Southwark Bridge. London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Wednesday October 201993

## The question for Mr Clarke

4


## Bhutto revisited



Tony Jackson explains why, behind the bribery scandals and strikes, Italian industry is doing rather well

No tragedy despite dramatics






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 Basinitin rstane of
 Tisis isa neminer ove remoner






 southern market. Our members are
workring oot just int the Eur
singopeant market but in the domestic
market. We need rules to allow them to operate property within it."
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problems. the casis for optimism problems, the case for optimism
remains None of the issues is new;
he point ins that they are all being addressed at once. The process is
both painful and bumihithg, But
one cannot
 this pertod much stronger than
before Not tin the near future but
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very interestime

## Opting out from the welfare state



Down and out
in DC






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circular windowe, the grand first

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OBSERVER





## footrote".

Franc forte - Jean-Claude Trichet, governor of the Bank of Prance, proudly
unveiled a new series of bankno yesterday, starting with a FTr50 reply to the query that now might seem an ud udiplomatic moment to
sigal such a national as opposed
and to European, monetary manoeeurre.
The new notes, needles to say. complement European monetary
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was also at pains to poimt mendacity of press suggestions What the French goverment is
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## Bodyguard

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random violemce The company says its armour
will stop bullets rom .38 calibre

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## FINANCIAL TIMES

Wednesday October 201993

## Taiwan seeks new talks over BAe aircraft deal

| By Dennis Engbarth <br> and Dantel Green in Taipei <br> TAIWAN Aerospace Corporation is seeking a fresh start to negotiatinns with British Aerospace nn their trouhled and long drawn out efforts to set up a joint ven ture to mamufacture regional jets. original initialled agreement. there is no way for the two sides to break through their impasse The best way would be to start new talks, Mr Genge senlor vice-president and TAC spokesman, said yesterday. <br> The Taiwan side will also press its demand for a legal commit- ment from BAe to codevelop an advanced two-engine passenger jet when talks between TAC and Mr John Cahill, BAe chairman, begin today. <br> Mr Cahill is leading a team of BAe technical and mancial spe- cialists seeking to salvage the joint venture proposal which is an integral part of the company's overall restructuring and recov. ery strategy. Cnllapse nf the Taiwanese |
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## joint venture project could lead to some 3,000 job losses at BAe's Woodford plant regional jet activities. The company, however, has indicated in recent days it could indideated in recent days it cold continue regional jet activtles in the UK even if the Thiman dea

o some 3,000 job losses at BAe's ment to cordevelop and anden comme Woodford plant, near Manches-

 BAe 146 tour-engine regional air.
liner. Such a project could entail
research and development costs






Air France
strikers bring Paris airports to standstill




SB'S dilute tonic


Muiti-Million Pound Buy-Out
of
111 pubs from Bass Taverns

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NatWest Ventures Murray Ventures PLC

Barclays Bank PLC

Minugenvint alk visecthy.
Ernst \& Young


NatWest Ventures

FINANCIAL TIMES COMPANIES \＆MARKETS

ofre financial tmes limite iq3<br>Wednesday October 201993


 Kaurfof presented to US



Mreung Kong takes Allied stake


Virtuality opens at premium
－The first day＇s stading of shares in the newly－ In one point a a stbstantial premium to the placiln
pricie of 170 ．Other companies about the ome to
 cals；the bio－technology group，which sald its
placing was fully subscribed．Page 22
McKechnie controls pay off
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Page 16
Puzzile over Sculley为

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## Balance of power shifts at

 Lonrho
## By Prober Peston and Rolema fude



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noexecentive
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first time in 20 years．
In 2 short meetring the 12 －man
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ber board has tipped in his
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Lested as he tries to transform
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coumpany．This wire conventional include cuals
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ation of an a
Lex，Page 14

## Barry Riley

## Global bulls graze on familiar pastures

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## Improving quality of loans boosts Citicorp

\begin{abstract}

| By Richard Waters in Naw York |  |  |
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| in the | North American property－one |  |
| of its loa | of | paid as e result of trating protits． |
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| rise in third－quarter after－tax |  | Through retained earnings and |
|  | bank＇s business reported a loss of |  |
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| tal and reserves，Mr John Reed， |  | from 4.3 a year before－thougb |
| rman，added；＂The best news | dow | well below the 8 to 9 per cent |
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| whin we had expected，and im th |  |  |
| ement in | nues．amounted to \＄478m， | had fallen along with other banks |
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| ing the three months，net | months |  |
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| e | rities trading revenues rose mar－ |  |
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Bouygues issues warning after 27\% fall mid-term



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October 20. 1993


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John Ridding and Paul Abrahams look at the French chemical group of in in

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Cologne, Germany
pleased to announc
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## INTERNATIONAL CAPITAL MARKETS

## World Bank pricing more generous than expected

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## Gilts stage rally in wake of auction announcement

|  | By Conmer Aivddelmann and Tracy Corrigan in London and Patrick Harverson in New York |
| :---: | :---: |
|  | UK GLITS rallied across tha curve after the Bank or England announced it would not hold a gilts auction in November because of the H dm ． tng of the November 30 budget． This sparked e squeeze In The fuitures market where the |
|  | $\begin{aligned} & \text { GOVERNMENT } \\ & \text { BONDS } \end{aligned}$ |
|  | long gilt future on liffe hit a new conarract high at 144 potht ended the day． |
|  | The Rank also announced tha details of this month＇s |
|  | Treesury Stock dne 1999， |
|  | benchmart．While this is the |
|  | largest exction amount to date， the news failed to dampen |
|  | prices in the intermediate |
|  | Accordung to analysts et |


| Merrill Lynach，＂the size of the issue will have been influenced by the Bank＇e intention to cre－ ate a liquid five－year bench－ willingness to take edvantage of speculation on rete cuts end＂． | FT FIXED INTEREST ANDICES |  | K GOVERNMENT BOND |  |  |  |  |  |  |  |
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|  |  |  | BTaN | ${ }_{5}^{5850}$ | 11089 | 1002 | ${ }_{20}$ | Sal | ${ }_{500}^{509}$ | Sos |
| BELGIAN bond prices rallied late in the day on news of proposals for the social pact agreement between thegovernment，employers and unions． $\qquad$ |  | $\xrightarrow{1080.0}$ |  | S500 |  | 10045 |  |  |  |  |
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|  |  |  | ${ }^{\text {Now }}$ |  | Oedes | ${ }^{10}$ | ＋ald | ${ }_{\text {and }}^{30}$ | 17 | 5．55 |
|  | rather than tax increases． What we need to see is the agreement of the umions on the | lied slightly late in the day．Dealers said thethe Bumdesbank | Nehtamins |  |  |  |  |  |  |  |
|  |  |  | $\frac{\mathrm{SPAN}}{\mathrm{UK} \text { GITS }}$ | 10.500 | oscos | 1151000 |  | 硣 | ${ }^{8.88}$ |  |
|  |  |  |  | $\bigcirc$ |  |  |  | ${ }^{809}$ |  |  |
|  | agreement of the unions on the whole eccord，＂said Mr Hall． |  |  |  |  |  |  | $\stackrel{3}{7.10}$ |  |  |
|  | ＂and there are a number of | had encouraged specuiation bond prices tracked the Ger． | US Recsunv |  | deems |  | ， 1023 | $\underset{508}{508}$ | ${ }_{\text {52 }}$ | \％ |
| to emerge as the market |  |  |  |  |  | 111470 |  |  |  |  |
| closed，Dealerrs said they had | arined． <br> However，assuming agree－ man market． ment is reached，the market |  |  <br>  |  |  |  |  |  |  |  |
| notails． |  |  |  |  |  |  |  |  |  |  |  |  |  |
| There were two key tiems， | should rally further．Mr Hall said he would not be surprised to see the yield spread between bunds and Belgian bonds nar． row froma 123 basis points to next three months． <br> －GERMAN bund prices ral－ | MONGER－dated US Treasury prices were sligbtily weaker of a stronger than－expected September housing starts | cent．At the short end of the market，tha two－year note was |  |  |  |  |  |  |  |
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|  |  |  |  |  |  | nnual rate．The data was |  |  |  |  |
|  |  |  | unchanged at 100r，to yield 3.824 per cent． |  |  |  |  |  |  |  |
|  |  | report． <br> By midday，the benchmark 30 －year government bond was up 3 at 105 岁，yielding 5.840 per | Prices eased at the long end in early trading after the com merce departupent announced |  |  | stronger than analysts had expected－the average of fore－ casts was for an annual rate of 1.3 m. |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  | Euro－convertible debenture planned

by Bangkok Land by Bangkok Land

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TSE to post first profits in four years
 In Your years with e sturplus
for the sia month ended Sep－
tember．Reuter reports from
Tokyo． Tokyo．Minorn Nagaoka，
Mxchange charirman，said the
ext exchange chairman，said ter
TSE conld make a
profit compared with a losbo of
 six months a year ago．
Dospite the erion
for the Japanese economy，the exchange hopes to post profits，
for the whole of this year．
mostly from trimming its mostity from trimming its
costs，the TSR
In contrast，thairman osaka said． In Contrast，the Osaka Secuk
vities Exaxhange has posted
loss for the sit losp for the six－months ended ed
September．It made a
Yiss of of
following declining Yurnover in criag a and funumes
transactions，and officlal said．

Montreal SE president will resign in April MR Bruno Riverin，who took
Me Monteal Stock Exchange
into high technology and the Montreal stock Exchang
into high technology and
derivative products trading， resigning nest April when be
will have completed seve years as preident of th
exchange，writes Robert
cibbens， Citbens in Montreal． The stock exchange，Cana－
das second largest after
Toronto Tars seconn largest arter
Teriso confirmad the
resigation of vice－chairman resignation of vice－chairman
Mr Machael Harrison，and the
departure vice－president Mr Giovanni
Giarilise Giaruasso．
Mr Rlvertn helped promote
the exchange＇s successfrul bond option market
The exchang
The axchange has rebuilt Canadian stock trading by dol
lar value has slipped below 20
per cent


Strong performance from clinical laboratories

## Recent drug launches help SB advance 9\%

| SMITHKLINE Beecham, the Anglo-American heeithcare profits for its third quarter to September 30 up 9 per cent from 8267 m to 5291 m . <br> The results were hclped by currencies, a strong perfor mance from the clinical labora- tories operations and recently. launched pharmaceuticals. <br> Group sales were up 16 pe cent, from $£ 1.28 \mathrm{bn}$ to El 1.48 bn , including Ellm (f61m) from ing profits improved from 5270 m to 8280 m , including $£ 3 \mathrm{~m}$ ities. Profits on continuing activities rose 9 per cent. <br> At comparahle exchange increased 6 per cent and 7 per cent respectively. Turnover <br> ries increased 39 per laborato£144m to $£ 2000 \mathrm{~m}$, while 1 rom ${ }^{\text {ing }}$ prom. At rates, they rose 15 per cent and 18 per cent. <br> Phermaceuticals division trading proift rose 11 per cent of $£ 821 \mathrm{~m}$ ( $£ 709 \mathrm{~m}$ ). Excluding |
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## Hammerson share vote changes



BM Group agrees to amend accounts
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One word which shook a bank

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FINANCLAL TIMES WEDNESDAY OCTOBER 201993


EIT matches benchmark with 7\% net assets rise


Govett Oriental assets up 30\%








## Ireland

The Financial Times plans to publish this survey on Wednesday, November 24.


This survey will be of interest to the $37 \%$ * of senior business people in Ireland who are FT readers and will reach over a million FT readers world wide.


Henry Boot bucks trend in building with $\mathbf{£ 2 . 4 m}$

## By Catherino wition

African side gives boost to Paterson Zochonis

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Kenwood expands with $£ 4.3 \mathrm{~m}$ buy

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S Jerome returns to the black

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We add to the value, not the price.


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COMMODITIES AND AGRICULTURE

Kenneth Gooding on the aftermath of alleged London Metal Exchange manipulation:

$\qquad$
Crunch time in the world nuts market
Alison Maitland on shortages that are driving up almond, peanut and hazlenut prices




Wall 5 belps dr hares

## MARKET REPORT

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resistance just below $\$ 3399 \mathrm{a}$ troy resistance just below $\$ 369 \mathrm{a}$ atroy
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London Markets




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Profit－taking unsettles equity market


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## Mequity futures and optons trading

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FINANCIAL TIMES WEDNESDAY OCTOBER 201993




\section*{FOREIGN EXCHANGE}


Dollar recovers against DM




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cut in key rates depending
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\section*{money markets} Cash stays tight



MONEY MARKET FUNDS


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THE BEST INFORMATION IN YOUR HAND



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FINANCLAL TIMES WEDNESDAY OCTOBER 201993


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Brazil ahead in early trading as Mexico declines




Greek equities weather change of government
Kerin Hope on the mood in post-election Athens



SIA PACIEIC
Hong Kong pauses after 20.9 per cent surge

\section*{Tokyo}

SHARE prices remamed almost
flat after a volatile session
dominated by public fund and
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volume was 208.7m shares
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index edged up 0.7 to 1,28094
Traders sald that while nestors were unwilling to
take short positions by sell.
隹 ing stock. many were stinh
reluctant to buy byares due to
the prolonged recovery of the
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Financia
Financials, telecommunica-
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stocks were the leading losers
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and naving been recently bought
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kers also weakened, with kers also weakened, with
Nomur Securities receding
X40 to Y 1990 and Nikno Secu. The telecom sector, which
had risen had risen on the merger
between Bell Atlantic and TeloSOUTH AFRICA
GOLD shares saw strong early
gaims cuth back by the close as
the bulion price failed to hold





\section*{}


JONES CABLE GROUP OF LEEDS HOLDINGS PLC
\[
£ 152,500,000
\]

Equity and Debt Financing
Cable and Telecommunications Franchise for Leeds
£77,500,000 Equity Placing
NatWest Wood Mackenzie \& Co. Limited
Veronis, Suhler \& Associates Inc
£75,000,000 Debt Financing
NatWest Market
\begin{tabular}{|c|c|c|}
\hline \multicolumn{3}{|c|}{NatWest Markets} \\
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NatWest Markets
Corponcte E Investreat B Ankting

Limitless possibilities from new box of risk-management tricks Page 2

FINANCIAL TIMES SURVEY


How to cut the cos of making hamburger

The development of derivatives business has become the most important strategic goal of the 1990 s for banks and securities houses with global ambitions. Tracy Corrigan examines one of the most dynamic
growth areas in financial markets
Moving on to centre stage





Laurie Morse on the burgeoning market in interest-rate derivatives
A two-pronged development


focused exclustvely on design- managers, by piling into the









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sures and are vuluerable to nonforspen
events: one bit US hurricane gay events: one big US hurricane, asay coould
wipe out a whole year's propertyccasualty
 nism pioneered in other derivivative mar.
kets, both Bankers Trust and JP Morgan say, they are already linking the exposivies
in the insurance industry to the wided in the insurance industry to the widest
capital markets. According to Mr Hancock:
cal "Just as derivatives have brought regionai
capital markets together, it will help to connect that Insuramceel market with oth: erss It teaves you with a bigger pool of risk.
takers to absorb the shockss The effect on the eghantso of the insuranee.
industry could be profound. "It's bhe last area in Einancial services to go throagh.
significant change, says Mr Walsh,
 capital markets will eventually prove a.
better mechanism for transfering insur:
ance risks than the insuranace companites ance risks than the insurance companies.
It is ont surprising. hherefore,
some blig insuress moving into the deriva. some blg insurers moving in
tives markets themselves.

\section*{Can your bank} claim to be
the leading provider of A\$ Swaps globally?

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\author{
- Swiss Bank Stêa Corporation \\ The key Swiss bank
}

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Risk. Euromoney and Australia's Business Review
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the Risk survey has again voted Westpac number one for A\$ Swaps.

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The find mamber mill \(b e\)
using the income from the
products which should enable
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Equity derivatives ha become an fittegral nart of mond managers's ife as the efome ncreaaingly comipetitive.
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\section*{EQUITY PRODUCTS}

\section*{Hedge against stock swings}

\section*{to get out of once you are tin,} However, others say that these
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\section*{Swaps trade dodges issue}
Now that the debate for a
multilateral swaps clearing house
has died down, even the most
self-interested proponents recognise
that the swaps trade, a highly
customised retail market, wil not
fit into a wholesale clearing mould.
Laurie Morse examines the options
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 and global settlememact settices
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DERIVATIVES 11

Profile: SWISS BANK CORPORATION



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equity derivatives expertise to
the table, SBC's cash market

Profile: LONDON CLEARING HOUSE

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sprees of the city of London is


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\hline & drops below e pre-determined price. \\
\hline & Down-and-in callput an option which becomes affective if the market price of the underlying security drops below a pre-determined price. \\
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\section*{Meaningful expressions}

GIVEN the rapid growth in the dertvatives incustry and the increasingly exotic nature of the products which are being launched, it is hardy surprising that newcomers to the industry are confused or misled by the terminology. In addition, the vast difference between meaning of many of the terms poses serious problems for tha industry's regulators, lawyers and insurers.

In a recent paper, Mr Graham Cox group economist at the Sun Life Assurance Society, points out that very often the perceived meaning of a "hedge fund" is a fund with all risk elimininated by the use of hedging postlons, whereas the actual meaning is a portfolio of leveraged positions. normally including dorivatives. Mr Cox notes that there have been attempts in the past to sort out more

\section*{acing names fo} ve various funcions and products it uccess so far.
However, there are numerous dictionaries which give lucid explanations of the jargon and marty anks and securities houses which banks and seculiues houses wilich ade in derivatives have pubisiing how


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\section*{Unsung hero is unique}

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